

WHITEPAPER

How to calculate the ROI of an AI agent.



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For decades, customer service and CX leaders have been struggling to balance operational efficiency and customer experience.

Contact centers are looking to improve agent utilization, reduce Average Handle Time (AHT), remove after-call work, improve routing accuracy, and lower call volume. This becomes very much a matter of cutting costs.

On the other hand, customer experience teams are looking to build customer loyalty, improve NPS scores, increase customer lifetime value. This is all about generating revenue.

The question is always, how can you do more, with less? But where does this leave your customer? They're stuck in the middle.

With pressure to cut costs, companies are pushing digital customer support that enables customers to self-serve. But what about the customer who just wants to phone? Self-serve becomes a barrier to the kind of customer service they expect.

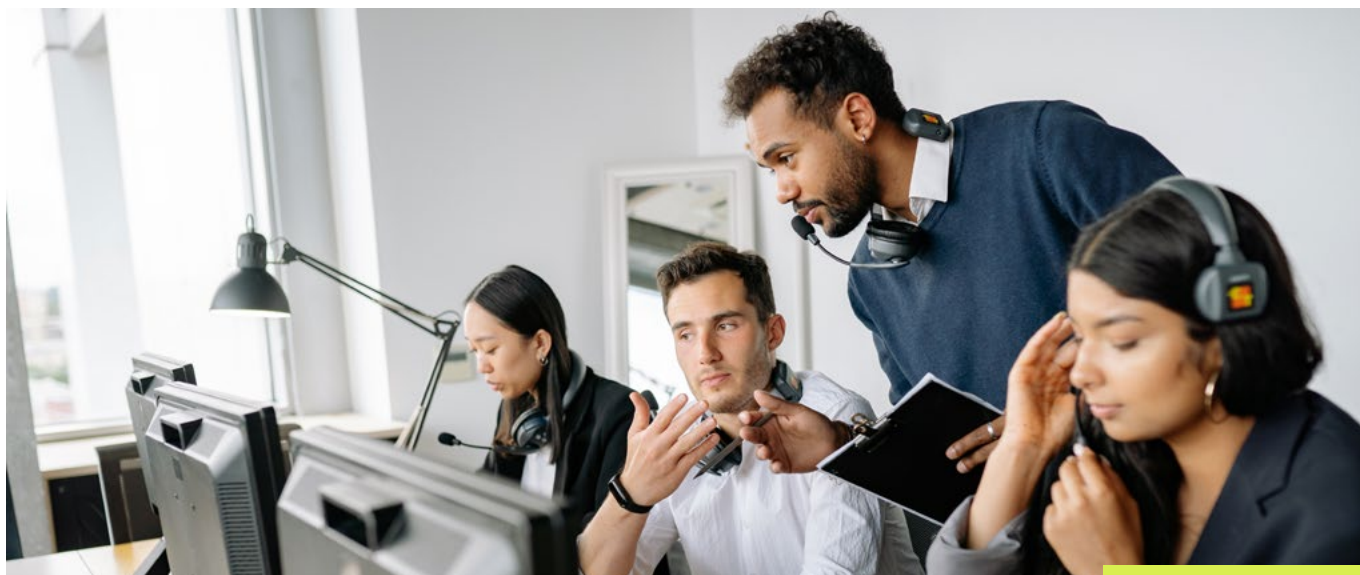
At the same time as access to support is being limited, companies are asking customers to give them more. You need them to buy more, you need their data, you need them to recommend you to their friends.

Times have changed. Technology is evolving constantly. Things we couldn't have dreamed of even last year are now surpassing our greatest expectations.

This means that operational customer service and strategic customer experience are no longer two opposing concepts, but rather two sides of the same coin.

By developing technology solutions that focus on the customer, we can drive engagement that naturally creates efficiencies. In other words, if customers want to talk to the automated solution, they won't push to speak to an agent. If the automated system is capable of solving the customer's problem, you increase first-call resolution. It costs less to handle routine queries that eat into profit margins, and you can redistribute your resources to focus on building valuable customer relationships.

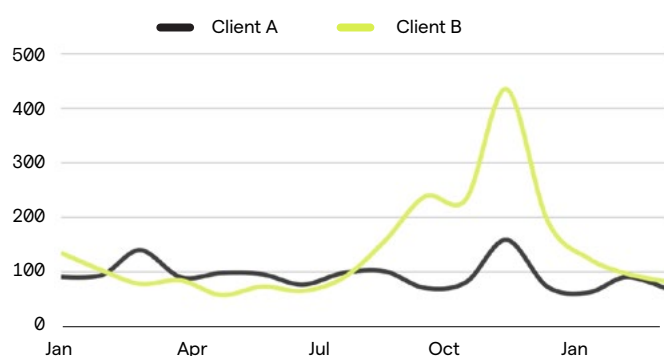
In this whitepaper, we'll explore three key areas where businesses can positively impact revenue by leveraging a new generation of conversational AI technology that improves customer experience while naturally creating efficiencies and revenue opportunities.



Handling peak seasons without a spike in operational expenditure

Many companies see monthly call volumes spike by 60% to 200% due to seasonality, trends, or external factors out of their control.

Seasonal call volumes 60% to 200% above average



The options to manage call peaks are usually hiring temporary staff or outsourcing call overflow to BPOs. This increases monthly operating expenses by between 50% and 180%, depending on the intensity of their seasonality.

Each approach has its advantages and disadvantages.

Temp hires

Temporary hires generally are more of a culture fit and provide a higher quality of service. However, it's very difficult to find enough staff and puts immense pressure on the hiring and training teams. It's also usually the more costly option.

In a 600-seat call center requiring 25 new agents every two weeks, training classes can be anywhere between 6-8 weeks long. Each training class can cost over \$70,000 before agents produce any revenue, totaling \$1.5 million in training wages alone. Cutting that half not only saves \$750,000 per year but significantly reduces stress on recruitment and the increased tenure and knowledge of staff.

Outsourcing to BPOs

Outsourced providers are often the cheaper and easier approach. However, they experience all the same human labor challenges and often produce low-quality agents and customer service levels.

As BPOs face the same staffing challenges as everybody else, this becomes a more expensive option where you are passing your problems over to somebody else and paying their margins.

Lifelike AI agents

Voice technologies like conversational IVRs have, so far, offered little support to companies during peak times. Speech recognition has failed for many callers and rigid call flows have prevented customers from getting the support they need.

Customers are clever, and when they don't want to use a system, they'll find a way around it, often mashing keypads and shouting keywords until they get through to an agent.

But recent breakthroughs in AI technology are enabling companies to develop lifelike AI agents. Rather than requiring users to speak in keywords and follow rigid flows, AI agents enable customers to speak however they like for as long as it takes to solve their problem. This delivers an experience similar to speaking with a customer service representative and keeps the caller engaged for long enough to offer true resolution, without the need to speak to a person.

Not only is your team freed up to focus on high-value calls, but you can expect to reduce your seasonal hiring by 40-60%.

"The voice assistant has allowed us to increase all of our performance metrics. It doesn't take 7 weeks to train. Our average handle time in the voice assistant is about 63 seconds, which is about five minutes less than with a live agent."

Mike Hansen,
Director of Contact Center Operations at Carter's | OshKosh B'gosh

CUSTOMER STORY:

How a \$3bn retail company reduced seasonal hiring by 50%

A \$3bn US retailer working with PolyAI has reduced seasonal hiring plans by 50% after proving the value of an AI agent. This is an expected reduction of \$840k saving in seasonal hiring costs. In under eight weeks, an AI agent was deployed and reduced the number of calls to agents by 30%. This was a 10x improvement in previous self-service levels.

\$840k

saving in seasonal hiring costs

30%

reduction in calls to agents

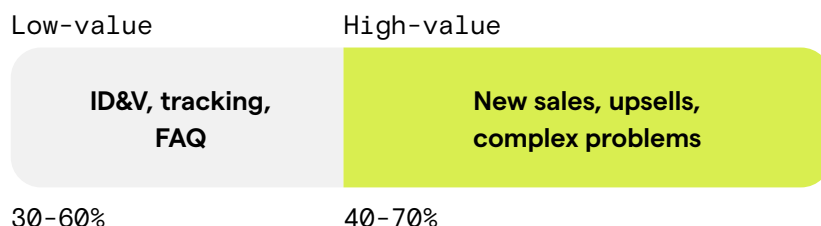
7-10x

improvement in self-service levels



Refocusing your team on high-value interactions

The time agents spend on low-value calls (such as password resets, order tracking, or FAQs) varies, but PolyAI clients have reported that 30-60% of agent time is spent answering queries that could easily be resolved online or through other, cheaper channels.



These calls 'clog up' customer service lines, increasing wait times for everybody, which, in turn, risks potential revenue as customers get fed up and take their business to your competitors.

Beyond missing potential revenue, the phone is the most expensive channel, with a 3-4 minute call costing \$2.70 to \$5.60. This makes it even more critical to maximize the value of each call.

An underappreciated optimization opportunity lies in automating the low-value part of a call, like customer password resets, ID&V, or simple FAQs. This can drive down AHTs by 20-30%, giving additional capacity to your call center without sacrificing customer service.

"I have chosen to not put on extra vendor support this peak period. That's the first time we've chosen not to add additional vendor support because we have every confidence that we can manage that capacity through PolyAI."

Paul Pugal

Managing Director of Customer Experience
UK & Ireland at FedEx





How to quantify the ROI of an AI agent

When evaluating the ROI of an AI agent, two primary drivers are at play:

1. Increased Revenue: Capturing missed revenue calls
2. Operational Efficiency: Cutting costs through automation & better resource allocation

Let's take Ralph's Retail as a hypothetical example:

- Annual call volume: 1 million
- Abandonment/missed call rate: 25%
- Call to sale conversion rate: 15%
- Average order value: \$55
- Cost per call: \$2.7-\$5.6



TIP:

Calculate the cost per missed call = Conversion Rate x Average Order Value

Example: Revenue lost/cost per missed call = 15% x \$55 = \$8.25

Increased revenue

	No action	Base case	High case
Total calls	1,000,000	1,000,000	1,000,000
Missed calls	250,000 (25%)	125,000 (12.5%)	70,000 (7%)
Cost per missed call	\$8.25	\$8.25	\$8.25
Total revenue missed	\$2,062,500	\$1,031,250	\$577,500
Increased revenue	-	\$1,031,250	\$1,485,000

Key takeaways:

- Ralph's Retail currently has ~\$2M of revenue at risk each year
- Implementing an AI agent would enable them to recoup ~\$1-1.5m of missed revenue



Operational efficiency

	Base case	High case
Total calls	1,000,000	1,000,000
Cost to serve	\$2.7 x 1m = \$2.7m	\$5.6 x 1m = \$5.6m
Call reduction rate	35%	50%
Calls reduced	350,000	500,000
Cost reduced	350k x \$2.7 = \$945k	500k x \$5.6 = \$2.8m

*PolyAI costs not included, however, we typically see it being 40-60% more efficiency than live agents
*Call reduction rate is based off similar deployments

The quantitative case justifies shifting to new technology as a smart business decision, but the “softer” impacts are often those that the team feels the most.





Beyond the numbers: The intangible benefits

The technology extends beyond quantitative gains. It positively affects the customer experience, agent satisfaction and drives CX modernization.

Customer experience

Answering the phone with a natural and friendly voice that sounds like your best agent, within two rings, enables callers to leave their reservations about voice technology at the door.

In practice, 25%-60% of all customer queries are resolved in 1-4 minutes. For more complex challenges that require a live agent, wait times are reduced by 40-70%. This leads to an uptick in service levels and a reduction in abandonment rates.

This is a win-win for both customer relations and operational efficiency.

Personalization

An AI agent can access relevant customer data instantly to deliver highly personalized experiences quickly and effectively, with infinite patience.

Agent satisfaction and attrition

High attrition rates, often within the first four months, are a chronic challenge in contact centers. Many experience annual attrition rates of 100%, but that doesn't necessarily mean replacing 100% of the staff; they typically replace the lower 25% of their staff up to four times.

By reducing the number of agents required and removing many of the mundane calls, businesses are able to hold onto their more qualified agents for longer and avoid the need for excessive entry-level hires.

CX modernization

An AI agent is a forward step for businesses aiming to modernize and integrate their contact center ecosystem. The tangible and proven value enhances their AI maturity and sets the stage for further AI adoption in analytics, agent assist, and predictive analytics.



Conclusion

The deployment of AI agents represents a strategic move for businesses struggling with spikes in demand and the need to improve customer service. It's a move that delivers high financial benefits in revenue and operational efficiencies while contributing to the overall modernization of customer experience.

